World Chronicle

UNITED NATIONS

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UNITED NATIONS OFFICE FOR PROJECT SERVICES

Based in New York City, the United Nations Office for Project Services, UNOPS, executes projects for UN and non-UN clients in 146 countries worldwide in such areas as development, human rights, rehabilitation and demining. The only self-financing entity in the UN system, UNOPs uses private sector methods to deliver projects that fulfill the principles and values of the UN Charter. In 1998, UNOPS issued $280 million worth of contracts for goods and services and recruited 7,000 consultants and experts to manage its projects around the world. In this episode of **World Chronicle**, Reinhart Helmke, Executive Director of UNOPS, describes the work methods of this unique UN body.

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ANNOUNCER: From United Nations Headquarters in New York, this is **World Chronicle**, an unedited interview programme about major global issues.

Here now to introduce our guest is the host of today's **World Chronicle**.

LITTLEJOHNS: I'm Michael Littlejohns, and this is **World Chronicle**.

The United Nations Office for Project Services, UNOPS, helps developing countries and countries in transition in their quest for peace, social stability, economic growth and sustainable development. UNOPS is different from other UN bodies in that it is the only entirely self-financing entity in the United Nations system. From demining to election monitoring, from human rights to environmental management, UNOPS is the forefront of the fight for development worldwide.

Our guest today is an expert on the issues of development. He is Reinhart Helmke, Executive Director of UNOPS. Joining me to talk with Mr. Helmke are Tuyet Nguyen of the German Press Agency, DPA, and Farhan Haq of InterPress Service.

Mr. Helmke, welcome to **World Chronicle.**

HELMKE: Pleasure to be here.

LITTLEJOHNS: Mr. Helmke, I guess that your outfit must be very popular in Washington because you are entirely self-supporting and self-financing. How do you manage to do this?

HELMKE: We handle projects on behalf of clients that can be from anywhere in the United Nations system. It really means that we have no funds of our own. We don't ask for funds. We handle the funds that belong to the various clients in the UN system that have their own mandates. And that concerns –

LITTLEJOHNS: This word 'clients' throws me a little. I mean it's an unusual word for the UN, isn't it?

HELMKE: Well it may be but I believe it is becoming an increasingly accepted word to the extent that we are speaking about rendering services within the UN. And of course UNOPS is an organization entirely dedicated to services.

LITTLEJOHNS: And how many countries are you operating in?

HELMKE: There may be only 2 or 3 countries that we are not - I mean among the developing countries mainly – that we are not operating in. We are really an organization that operates worldwide.

LITTLEJOHNS: But it's only developing in countries in transition.

HELMKE: Developing countries, countries in transition where we are requested to do work. But we do work also, at their request, for a few industrialized countries in implementing their own development programmes, such as Japan and Italy.

LITTLEJOHNS: Yours is a sort of capitalist in a way operation in an institution which hasn't looked entirely kindly at capitalism in the past, would you agree?

HELMKE: In part. We use indeed the best practices that have been developed in the private sector, which may be what you refer to as the capitalist world, but we conduct our business in full respect of the values of the Charter of the United Nations. Even if that means that an activity will be more costly because of that. We do respect the values in the Charter, we work on the basis of social inclusion even if it takes a longer period of time to have more people involved in the execution of our programmes. We go out to bid, for instance. We will never exclude any particular group in any market, because we are the United Nations.

NGUYEN: You know the UN is also known as a market - I think it's worth something like $3 billion a year in procurements. How does it work? How do you do that and not taking profits while rendering services to developing countries?

HELMKE: You're quite right in saying that we are not established in order to make a profit. We have to cover our costs. In fact the reality tells us that we have to cover a bit more because otherwise we would not have flexibility. And we also have had to build up an operational reserve, as we refer to it, which is basically a self insurance fund. Doing business in international markets is increasingly risky. And we therefore have given us the tools to deal with this risk.

NGUYEN: But how do you handle this request? Let's say in a peacekeeping operations, they need 2000 jeeps – will you go and buy for them?

HELMKE: We will do that, yes.

NGUYEN: Food, supplies, tents, everything.

HELMKE: We would normally do whatever we are requested to do. We are a demand driven organization. But we do look into a request when it comes to determine, can we really add value? Because our services of course will cost something if there is effort involved and there is cost involved. And we try to make sure that with whatever project we are involved, that indeed we do add value. So if there is an activity we are asked to do and

we know there's somebody else in the system who is more experienced in this, who does it better, we would refer to them.

NGUYEN: So in this commercial contract, who actually makes a profit? The manufacturers or the UN or the countries that purchase the goods?

HELMKE: We try to do our contracts in such a fashion that all parties can benefit from it. We have established since the second year of our operation, it started in '95, so since 1996 we have concentrated on developing contracting tool - types of contracts that allow us to obrain a much better return on the money that we invest. That is good for both the donor and the developing countries. The individual private firms with whom we work, they do of course make their profits as they would usualy do but we negotiate each contract. And with a view to obtaining the best possible value.

HAQ: Mr. Helmke, you say that what you try to do is add value. I was wondering if you could clarify how you go about it. For example what is it about your organization, UNOPS, that would add value to let's say a demining contract that wouldn't work if, say the UN peacekeeping offices, or the UN's own demining division were handling the same project.

HELMKE: No, this is - in actuality what you - the scenario that you are painting is a very real one because all of our clients, I think without exception, also have the option to do what we do for them alone, by themselves. They will usually come to us if they see that it can be done by us faster. That it will be managed more professionally. That we would avoid certain risks from happening that are normally involved if you do outsourcing with the private sector. And that we would indeed produce a result that can be sustained over time. So they have always options that are other than using UNOPS and one of them is to do it themselves.

HAQ: I was also wondering, next year you're planning to hold a convention at Jacob Javits center in, I think, July for trade and aid which would be a fairly significant way of involving the private sector. There had been some concerns from a number of Non-Governmental Organizations that the United Nations has become a little bit too close in recent years to the private sector -- that there have been some collaborations between UN agencies and companies like Dow Chemical or UNOCAL, the gas company -- companies which have had some environmental or human rights controversies in their past. I was wondering how you were planning to deal with that sort of tightrope that the UN treds every

time it has to deal with corporations.

HELMKE: There are really two aspects to this question. Number one indeed, we were and also our predecessor organization, we were established to deal with the private sector. As in fact our predecessors have been the inventors of subcontracting.

LITTLEJOHNS: What was the predecessor organization?

HELMKE: It was a division in the UNDP originally called the Office for Project Execution when it was created. And the creation was to deal with subcontracting with private firms for all those areas that the UN system couldn't cover. That was the original idea.

LITTLEJOHNS: So that was so successful that they expanded upon it to become what you are.

HELMKE: Indeed. The other issue really that is underlying I think your question is that there is really a change in relationship between the public sector and the private sector in general and that includes the relationship between the United Nations and the private sector. We ourselves have noticed this in our own area. We used to go to the private sector exclusively to source as we did in the past. Now of course we have started to have different kinds of relationships. The conference or the exposition aid and trade that you refer to which takes place actually on the 31st of May and the first of June in the year 2000 is one of such joint endeavors that we are doing together with a private sector organization that is not only a good specialist in holding international conferences and expositions -- they also are interested in promoting shall we call it a more socially responsible behavior in the business community. And this is of course something that we can fully subscribe to. We are doing this together. We are working on our side to prepare for the workshops that are going to take place between chief executive officers that will be present at this international show and the UN. And the topic that has been chosen is, how can the private sector support the UN's efforts in post-conflict situations.

LITTLEJOHNS: Mr. Helmke, do corporations lean on you at all to try to get - to help them get contracts from the UN or UN agencies?

HELMKE: This can never be excluded. Anyone who is in the business of procurement knows that. But I would say that our experience has been that initially more than the companies themselves, it was the countries standing behind individual companies that are trying to do this. But as they have learned that our processes of going through a

whole process of international competitive bidding, the selection procedures, and so forth are extremely transparent and can also be consulted by each of the parties involved, and then they have started to see that this is a process that really stands up to scrutiny. And therefore I would think the amount of leaning that used to be maybe bigger when we started, is quite reasonable today. There is no unusual or undue pressure.

NGUYEN: Are you dividing that pie equally among countries or would you give it to big countries or big manufacturers more than developing countries?

HELMKE: No, not at all. I don't think that one can generalize. The basic is that it is a competitive exercise each time. We know what is required, what a particular client and the country, the developing country say if it is one, needs. And we really try to match to provide the best match possible in terms of addressing a particular request that exists. For instance if somebody says I need a mobile laboratory to make measurements of the environment as has happened in Ukraine for instance after the Chernobyl accident, we will go to those places where this can be done fastest and at best value. And typically in a case like this, you would probably deal with two or maybe three different suppliers as the general contractor that we are - bring these various contracts together so that you save time and money in the end. In that particular instance, we had two contracts. One was producing the chassis, the other one the laboratory. And our management people brought this together.

NGUYEN: You know the UN prints a lot of documents, tons of documents and books. Where do you go for printing those materials for the UN. And which countries are most appreciated for the quality of their prints?

HELMKE: The printing is not an area where our services are very much demanded. We do some of our own printing for our own material. But you're right. There's one particular group in the UN that has come to us for printing some of the materials. That is the colleagues of the Department for Peacekeeping Operations. Or the demining activities. That is indeed a printing job that we carry out for them, where we do the contracting and where we have investigated the market. We would not go typically every time again to the same kind of supplier or to the same country. It's really broadly spread.

HAQ: Do you have to divide the work that you subcontract out fairly among the developing world so that countries in the south don't worry that too many of the contracts are going to the north?

HELMKE: I'm laughing a bit because these discussions of course, they do take place all the time. And if I was somebody who was handling my own money, then it would be on behalf of the United Nations, maybe right to ask this question. The developing countries have a large share in particular kinds of services where they have a competitive edge and where they have good prices. And I think it is fair to say that that share has been generally increasing, except for the technologically very advanced kinds of goods – that the request for which come to us just simply because already the other UN organization that could have done it itself, has found out that it cannot be produced in the developing countries. So there are a few requests for procurement of goods that do come to us where we know already in advance, that the developing country markets have been screened and it has found that there was nothing comparable. So then they give a job like that to us to go through the more competitive markets in the industrialized countries to find what needs to be done. But I think broadly speaking, the share of the developing countries' market has increased.

LITTLEJOHNS: This is **World Chronicle.** Our guest is Reinhart Helmke, Executive Director of the United Nations Office for Project Services. Mr. Helmke, the Secretary-General, Kofi Annan said the other day that the United Nations is over administrated. And that a lot of things are painfully sluggish because of tired rules and regulations. Now do these rules and regulations inhibit your operations? Or are you able to cut through all this bureaucratic what-have-you and do things perhaps as they do, some people argue more efficently in the private sector?

HELMKE: The word that you use is administrate, not managed and I think that's really where part of the answer lies. We may be administering in the UN and under managed. We see ourselves as a management organization. Now this being said, you're quite right in presuming that the basic principles that exist in the UN for instance for doing international procurement - they also apply to us of course as a UN organization. But let me say in passing, similar rules and procedures also apply to any of the big bilateral purchasing organizations that handle public money. That handle taxpayers' money. So yes, I think we can broadly say that we are subject to the same global principles. Where we have tried to cut corners is in the way that we manage these processes. Without going into all of the details of our own reforms that we had to do - we had to do them very fast, because otherwise we would have been out of business very quickly, we have looked at work

processes in our own organization and have simplified them on the one hand to such an extent that the costs, the administrative costs would be lower - but also that accountability of the manager would be clearer. Instead of having two or three groups that were working towards the same kind of project for the same kind of client, there is a single one under single management. And they are fully accountable on the one hand to the owner of the money - the client as it were, and to us as the managers of UNOPS.

LITTLEJOHNS: Looking through this material for the programme, I kept coming across the word outsourcing. Now outsourcing as you well know is a word that has a rather scary connotation for a lot of people in the United Nations, particularly people who have made their careers in this place. Are you perhaps getting a little bit too much into the outsourcing and cutting people out of jobs?

HELMKE: There are several aspects in your question. Let me first say there is a good reason for some of our colleagues to be worried about outsourcing. Because if one is not properly prepared to deal with the rules of the game as it were in international markets -- and these international markets have become more competitive recently and not less -- then indeed there are a number of dangers that may not be apparent to people who don't outsource every day. In other words what I'm trying to say, there is a whole instrumentality -- a whole set of tools and instruments -

LITTLEJOHNS: You mean the UN is getting in out of its depth with outsourcing or - I don't quite understand.

HELMKE: No, I'm referring to somebody like us who exists really for outsourcing, we have built up the kinds of shall we call it safety nets that you want to have in order not to run into the risks that are usually associated with outsourcing. And this is really what we are trying to do. The Secretary-General has said a year ago in his report to the General Assembly, that UNOPS represents a possibility of outsourcing without leaving the UN system. And I think that indeed is a formula that makes a good deal of sense.

LITTLEJOHNS: So what you are doing is not threatening people's jobs.

HELMKE: It is not about getting people out of their jobs, it is getting - it is about obtaining a much better value for the generally declining resources that the UN has been receiving in its various programmes. That's really the name of the game.

NGUYEN: What is the level of ODA, the Office of Development Assistance, now that the UN is receiving from governments?

HELMKE: I can only give you - you see, we are not only in development -- that's only one area in which we execute projects -- but my guess would be that it is somewhere around, between two and three billion dollars a year.

NGUYEN: So is this the reason why you are really going after business in the private sector in order to compensate for the loss in the ODA?

HELMKE: That's a good point that you could make. To the extent that the value available to developing countries in terms of contributions made has been decreasing, yes. There are two things that one can do. One is to achieve a better value for the same money. In other words make savings or make each dollar go much more distance. We believe for instance that with our developing project that we have executed last year, we have helped save something like $200 million dollars plus, probably more than that. The other one is to recognize the fact that in order to spark development, when it was 20 years ago or 30 years ago, maybe 20 percent of that money came from ODA and the rest was investment of other sources. I think people agree today that ODA at best can provide something like five percent today for development - and the rest will have to be private capital flows mainly. Which really means as a challenge for the development corporation, not just of the UN but everywhere, that one has to provide the kind of assistance that encourages the flow of resources to the developing countries of the private sector. And that has much to do with the conditions of stability and the risks that are being evaluated by the potential investors themselves.

NGUYEN: Where does the World Bank stand today? I see you are doing business also with the World Bank on procurements. Is the World Bnak compensating for the loss in ODA? In that area?

HELMKE: No, oh, no. What World Bank provides is part of the ODA. That is part and parcel of the ODA. Absolutely.

HAQ: The World Bank has also helped assist the sort of work that you do by demonstrating how competitive bidding has worked for the World Bank. Are you doing more in - more in terms of competitive bidding for the sort of projects that you do?

HELMKE: We have developed, as I said, a whole number of tools in the area of procurement instruments. Bidding instruments, yes. In terms of determining what is the best way of going about competitive bidding. What system to use in our 3-4-5 existing systems that can be used. That already has a bearing on the results that you will achieve. And then in terms of contracts, our contractual tools are in excess of 100 today. And they are adjusted to individual needs as they exist. For instance when Y2K, the year 2000 bug was an important element, we were the first to have developed a procurement policy on Y2K - which has subsequently been adopted by many others as well. So yes, there is a lot of work that we do in this area because we believe we need tools and instruments to do our job.

HAQ: Now you've been making some of these accomplishments at the same time that the rest of the UN system has been under pressure, particularly from countries like the United States to reform, to streamline. Have the sort of contractual tools - bidding tools that you've been working on, have you been able to share that sort of expertise with the rest of the UN system to help with the reform process?

HELMKE: Yes, indeed. We do have when we started in the very first year of our operations of training courses in this particular area for which we used the best available expertise in the various areas, especially contracting areas. And indeed, we have systematically invited other UN organizations to participate in that. We also have what we call a forum which meets on an irregular basis, not necessarily every year during which experiences are exchanged between the agencies of the UN system with the instrumentality that we are developing.

LITTLEJOHNS: What is the biggest project currently that you're involved in?

HELMKE: One of the very large projects we are carrying out on behalf of Turkey and the World Bank today is in the health area in Turkey. It's about the revamping of the whole physical infrastructure of the health system including hospitals and clinics and all of those things. Another very large programme -

LITTLEJOHNS: How much money is involved in that?

HELMKE: Close to a hundred million dollars going in the programme overall. Another very large programme that we are carrying out also in the engineering physical infrastructure area is in Ecuador for the programme to build and revamp schools of the whole country especially outside of the capital. The Ecuadoreans did, had started to do this job themselves before they hired us and they have found out that they are saving 40 percent of

their money since we started carrying out this project for them. This is another project of something like 60 million dollars.

NGUYEN: What is the turnover per year for your Department?

HELMKE: UNOPS has handled in 1998, $720 million. We expect that this year will be about the same. Between 7 and 800 million dollars.

NGUYEN: What about next year. The estimate for next year, the year 2000.

HELMKE: For the year 2000, it will be around 800 million.

NGUYEN: Do all UN agencies come to you whenever they a group procurement projects or do they go by themself?

HELMKE: First let me say, it is not really only just procurement. I mean we do procure goods and services, but we also manage projects overall. And really I think they come more and more not just for us to procure something, but really to manage programmes overall. Almost as if they have a turnkey operations.

LITTLEJOHNS: I mean if a country wanted to construct a dam, you would send in engineers to help?

HELMKE: They could if we decided that we can really add value to that. It is not the typical type of project that we would do all the time. But if a country comes or a group of countries come and say as we have done in some 20 countries or so, say this country comes out of a conflict situation and we need to relaunch civil society and the economy at the local level - can you do that, which is the more complex kind of activity, where you have a lot of management responsibilities at the local level. We would do that. And in fact we have developed a whole methodology for this situation that has now been accepted also by the OECD as the methodology that is used by all Member States when they go into post-conflict situations.

HAQ: The peculiar thing is that UNOPS manages such a wide range and such a huge amount of money and projects and yet at the same time, the organization has no mandate of its own. Does that work to your advantage or to your disadvantage?

HELMKE: I personally believe very strongly that this is in the advantage of everyone. Our clients and also ourselves. Many agencies that have a specialized mandate have found that what our people really do in the execution of a project, they open the management umbrella that protects their own technical experts. They don't need to defend

themselves against his health or employment or education. More important at this stage, they know that we don't have a stake in any of these subject matters. We have no ax to grind with any of these areas. But we have a management responsibility. So they can relate to that and in fact they have found that their experts, when they operate under management umbrella of UNOPS, can indeed produce better quality.

LITTLEJOHNS: I saw you were entering the area of Non-gGvernmental Organizations by providing some assistance to the United Nations Association of the United States which does splendid work of course in promoting the interests of the UN and interests in the UN in this country. What actually are you doing there?

HELMKE: We have been asked by the UNA-USA to execute activities in a programme which is referred to as Adopt a Minefield. Since the UNA-USA had noticed that we are executing the majority of demining operations and mine action programmes in the UN overall for a variety of clients - - they had looked at our capacity to not only execute activities once they are identified, but we are actually helping them in identifying minefields that are ready for adoption as it were and provide all of the information necessary to interest people who may make contributions for the demining operation per se. And we will then implement it in accordance with international standards.

LITTLEJOHNS: Mr. Helmke, that's all the time we have. Thank you for being with us on this edition of **World Chronicle.** Our guest has been Reinhart Helmke, executive director of the United Nations Office of Project Services. He was interviewed by Tuyet Nguuyen of the *German Press Agency DPA* and Farhan Haq of *InterPress Service*. I'm Michael Littlejohns. Thank you for joining us. We invite you to be with us for the next edition of **World Chronicle.**

ANNOUNCER: Transcripts of the programme may be obtained free of charge by sending a stamped self addressed envelope to **World Chronicle**, United Nations Room S-827, New York New York 10017. **World Chronicle** is broadcast worldwide and features guests whose work is concerned with major global issues. This programme is a public affairs presentation of this station from United Nations Radio and Television.